

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7275

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE EC BRUSSELS 5584

E.O. 11652: N/A

TAGS: EC, US, ETRD, GATT

SUBJECT: WASHINGTON VISIT OF EC COMMISSIONER CHEYSSON--

GATT HANDLING OF EC-ACP ARRANGEMENTS

REF: A. EC BRUSSELS 5569; B. EC BRUSSELS 5438; C. STATE 134617;

D. EC BRUSSELS 3928

1. SUMMARY. BARRING A LAST-MINUTE SURPRISE AT THE

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KINGSTON NEGOTIATIONS, THE EC COUNCIL HAS NOW FORMALLY

ESTABLISHED THAT THE COMMUNITY WILL NOT REQUIRE REVERSE PREFERENCES OR "TRADE RECIPROCITY" IN THE NEW EC-ACP ARRANGEMENTS. SOAMES' CHEF DE CABINET SAYS THAT COMMISSIONER CHEYSSON WILL WANT TO DISCUSS WITH SENIOR WASHINGTON OFFICIALS, DURING HIS JULY 29-30 VISIT, THE FUTURE GATT HANDLING OF THIS PROBLEM. HANNAY HOPES THAT THE US WILL HAVE SOME SPECIFIC SUGGESTIONS CONSISTENT WITH THE IMPORTANCE THE EC ATTACHES TO "STABILITY" OF THE NEW ARRANGEMENTS AND AVOIDANCE OF CHALLENGES IN GATT. END SUMMARY.

2. AS REPORTED IN REFTELS A AND B, THE EC COUNCIL HAS JUST APPROVED A POSITION THAT APPEARS TO SOLVE THE LONG-STANDING DISPUTE ABOUT "REVERSE PREFERENCES" OR "TRADE RECIPROCITY" -- AT LEAST INsofar AS THE COMMUNITY'S OWN POSITION IS CONCERNED IN THE ACP NEGOTIATIONS. ON THE EVE OF THE COUNCIL MEETING, HANNAY, SOAMES' CHEF DE CABINET, DISCUSSED THIS SUBJECT WITH US AND SAID THAT, IN HIS OPINION, THE US SHOULD BE VERY PLEASED AT THE WAY THINGS ARE DEVELOPING.

3. HANNAY CAUTIONED, HOWEVER, THAT THERE ARE STILL OFFICIALS IN THE COMMUNITY INSTITUTIONS AND IN THE MEMBER STATES WHO WOULD HAVE PREFERRED A SOLUTION BASED ON SO-CALLED FREE-TRADE AREAS. HE THOUGHT AN "ACCIDENT" WOULD STILL BE POSSIBLE SHOULD THERE BE INDICATIONS THAT THE STABILITY OF ONE-WAY TRADE ARRANGEMENTS BETWEEN THE COMMUNITY AND THE ACP COUNTRIES MIGHT BE CHALLENGED IN GATT BY THE US OR OTHER COUNTRIES.

4. HANNAY RECALLED THE DISCUSSION OF THIS SUBJECT AT THE JUNE 6-7 US-EC CONSULTATIONS IN BRUSSELS (REFTEL D, PARA 10). HE SAID THAT THE COMMISSION INTERPRETED STATEMENTS BY THE US SIDE ON THAT OCCASION AS AN INDICATION THAT THE US HAS A FLEXIBLE ATTITUDE AND IS WILLING TO HELP WITH THE GATT PRESENTATION PROBLEM UNDER CERTAIN CONDITIONS. THIS WOULD INCLUDE EFFORTS TO PERSUADE OTHER COUNTRIES, ESPECIALLY THE LATIN AMERICANS, NOT TO CHALLENGE THE ARRANGEMENTS.

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5. WE REPLIED THAT THE US SIDE HAD INDICATED ITS WILLINGNESS TO BE HELPFUL WITH THE GATT PRESENTATIONAL PROBLEM IN CERTAIN CIRCUMSTANCES. WE REMINDED HANNAY THAT OUR INTEREST IN A PRAGMATIC SOLUTION HAS BEEN MADE CLEAR BEGINNING WITH FORMER UNDER SECRETARY CASEY'S SUGGESTIONS AT THE SPRING 1973 US-EC CONSULTATIONS IN BRUSSELS.

6. HANNAY EXPRESSED THE HOPE THAT THE US COULD HAVE A

THOROUGH DISCUSSION OF THIS PROBLEM WITH COMMISSIONER
CHEYSSON DURING HIS JULY 29-30 VISIT TO WASHINGTON (REFTEL
C) AND THAT WE WOULD PRESENT SOME SPECIFIC IDEAS. HANNAY
SEEMED TO FEEL THAT A PRAGMATIC APPROACH AVOIDING THE LEGAL
ISSUES IN THE GATT MIGHT BE A WAY OUT. HE STRESSED THAT
TALK OF A FORMAL GATT WAIVER COULD REOPEN THE DEBATE
IN THE COMMUNITY ABOUT TRADE RECIPROCITY AS A CONDITION
FOR STABILITY OF THE EC-ACP ARRANGEMENTS; I.E., MANY
PEOPLE WOULD ARGUE THAT IT WOULD BE BETTER FOR THE
COMMUNITY TO RECONSIDER ITS ENTIRE POSITION AND OPT FOR
SO-CALLED FREE-TRADE AREAS RATHER THAN ACCEPT A WAIVER,
WHICH THEY ARGUE, HAS TO BE REVIEWED (OR CAN BE RE-
OPENED) PERIODICALLY. GREENWALD

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